



BRITISH BANKERS' ASSOCIATION



EUROPEAN BANKING
FEDERATION

ISDA

INTERNATIONAL SWAPS AND
DERIVATIVES ASSOCIATION



***EUROPEAN BANKS JOIN NORTH AMERICAN COUNTERPARTS IN MAJOR CAPITAL
MANAGEMENT INITIATIVE***

PRESS RELEASE

London and New York, October 6th, 2000

The British Bankers' Association (BBA), the European Banking Federation (EBF), the International Swaps and Derivatives Association (ISDA), and RMA, the Risk Management Association today announced an important initiative in risk management, their European Loss Given Default Study.

Allen Sanborn, RMA's President and CEO, said "This study is an extension of one which we have carried out for several years now in North America. The increasing emphasis on portfolio management and the appropriate use of capital allocation models make it imperative for the industry to develop this data base. RMA is very pleased to again be working with the BBA, EBF and ISDA to bring our experience to this important initiative"

Participating banks will get a jump start, in that they will have access to the years of North American data already accumulated by RMA. Richard Grove, Executive Director of ISDA, pointed out that "loss given default data is not only a key component of credit risk allocation processes. It is also a necessary input in credit derivatives pricing models, and ISDA hopes that this data base will foster the development of a more efficient market for credit risk mitigation instruments."

A pilot group of eight major European banks have worked with RMA, the BBA, and ISDA to adapt RMA's North American data template to reflect European banking practice. With this accomplished, the study is now being opened to all financial institutions. As with the North American study, the study data will be available only to participating banks. Once the necessary agreements have been signed, banks will begin submitting data beginning with the fourth quarter of 2000. "Growth in the use of capital allocation models for credit risk in Europe has been hampered by the lack of this type of data", noted Tim Sweeney, Director General of the BBA. "This study will give the banks the statistical basis they need to populate their models, both for internal management and for regulatory purposes."

Nikolaus Bömcke, Secretary General of the EBF, summarized stating that "the results of this study will provide essential information for all banks, small and large, that want to participate throughout Europe and will thus be of great benefit to the members of the EBF".

For further information, contact:

BBA

Simon Wills
44 20 7216 8841
John Thirlwell
44 20 7216 8862

EBF

Michael Vercnocke
32 2 508 3711

ISDA

Emmanuelle Sebtou
44 20 7330 3571

RMA

Nicholas Hayes
1 215 446 4080
Mark Zmiewski
1 215 446 4085